



***Substitute Senate Bill No. 226***

***Public Act No. 06-10***

***AN ACT CONCERNING BANK AND CREDIT UNION  
APPLICATIONS AND PUBLIC DEPOSITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subparagraph (K) of subdivision (1) of subsection (d) of section 36a-65 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(K) Acquiring, altering or improving real estate for present or future use in the business of the bank or purchasing real estate adjoining any parcel of real estate owned by the bank under subdivision (33) of subsection (a) of section 36a-250, as amended by this act, five hundred dollars, except that no fee shall be charged for such application if it is filed in connection with an application to establish (i) a branch in this state under subdivision (1) of subsection (b) [or (c)] of section 36a-145, as amended, (ii) a limited branch in this state under subdivision (1) of subsection (c) of section 36a-145, as amended, or (iii) a branch or limited branch outside of this state under subsection (j) of section 36a-145, as amended.

Sec. 2. Subsection (f) of section 36a-70 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu

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thereof (*Effective from passage*):

(f) The organizers shall cause to be published a copy of the [proposed certificate of incorporation and the time and place set for the hearing for seven consecutive days not less than twenty days prior to the date of] order for hearing for three business days, such publication to commence not later than twenty days prior to the hearing, in a newspaper designated by the commissioner published in the town where the main office of the Connecticut bank is to be located or, if there is no newspaper published in such town, in a newspaper having a circulation therein.

Sec. 3. Section 36a-80 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Upon the adoption of the bylaws or of any [additions thereto or any alteration,] amendment or repeal [thereof] of such bylaws or any amendment to the certificate of incorporation by any Connecticut bank, a copy of the bylaws, [additions, alteration,] amendment or repeal of the bylaws or any amendment to the certificate of incorporation shall [forthwith] promptly be filed with the commissioner.

Sec. 4. Subsection (a) of section 36a-250 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Except as otherwise provided in subsection (b) of this section, a Connecticut bank may:

(1) Transact a general banking business and exercise by its governing board or duly authorized officers or agents, subject to applicable law, all such incidental powers as are necessary thereto. The express powers authorized for a Connecticut bank under subdivisions (2) to (41), inclusive, of this subsection do not preclude the existence of

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additional powers deemed to be incidental to the transaction of a general banking business pursuant to this subdivision;

(2) (A) Receive deposits as authorized by and subject to the provisions of sections 36a-290 to 36a-305, inclusive, section 36a-307, sections 36a-315 to 36a-323, inclusive, and sections 36a-330 to 36a-338, inclusive, including: (i) Savings deposits; (ii) time deposits; (iii) demand deposits; (iv) public funds or money held in a fiduciary capacity; (v) school savings funds; and (vi) club deposits; and (B) pay interest or dividends thereon;

(3) Act as a depository of court and trust funds;

(4) Purchase and sell coins and bullion;

(5) Receive for safekeeping or otherwise all kinds of personal property, including papers, documents and evidences of indebtedness;

(6) Conduct a safe deposit business on its banking premises;

(7) Act (A) as guardian or conservator of the estate of any person, but not of the person, (B) as a trustee, receiver, executor or administrator, or (C) in any other fiduciary capacity, all without bond unless a bond is ordered by the court;

(8) Act as agent or attorney in fact for the holders of securities or the owners of real estate;

(9) Act as transfer agent or registrar of stocks and bonds;

(10) Execute and deliver signature guaranties as may be incidental or usual in the transfer of investment securities;

(11) Act as agent, fiscal agent or trustee for any corporation or for holders of bonds, notes or other securities, and pledge assets to secure deposits in its banking department when (A) made by it as trustee

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under a trust indenture for the holders of revenue bonds issued by this state, any municipality, district, municipal corporation or authority or political subdivision thereof, and the express provisions of the authority or its political subdivision, and the express provisions of the trust indenture require the deposit to be so secured, (B) made by it as fiscal agent for a housing authority in connection with a federally-assisted housing project and federal regulations or other requirements call for the deposits to be so secured, or (C) made by it to secure deposits in individual retirement accounts and qualified retirement plan accounts, established in accordance with the applicable provisions of the Internal Revenue Code of 1986, or any prior or subsequent corresponding internal revenue code of the United States, as from time to time amended, where such deposits exceed the maximum of federal deposit insurance available for such accounts;

(12) Act as fiscal agent for this state or any of its political subdivisions when authorized by the executive head of this state or of the political subdivision;

(13) Act as agent (A) in the collection of taxes for any qualified treasurer of any taxing district or qualified collector of taxes or (B) for any electric, electric distribution, gas, water or telephone company operating within this state in receiving moneys due that company for utility services furnished by it;

(14) Act as agent for the sale, issue and redemption of obligations of the United States and pledge assets to the United States or to the proper federal reserve bank for its obligations as that agent;

(15) (A) Act as agent for an insured depository institution affiliate in receiving deposits, renewing time deposits, closing loans, servicing loans and receiving payments on loans and other obligations, and in so doing shall not be considered to be a branch of such affiliate;

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(B) A Connecticut bank may not conduct any activity as an agent under subparagraph (A) of this subdivision which such bank is prohibited from conducting as a principal;

(16) Act as treasurer of any organization exempt from federal income taxation under Section 501 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended;

(17) Establish a charitable fund, either in the form of a charitable trust or a nonprofit corporation to assist in making charitable contributions, provided (A) the trust or nonprofit corporation is exempt from federal income taxation and may accept charitable contributions under Section 501 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, (B) the trust or nonprofit corporation's operations shall be disclosed fully to the commissioner upon request, and (C) the trust department of the bank or one or more directors or officers of the bank act as trustees or directors of the fund;

(18) In the discretion of a majority of its governing board, make contributions or gifts to or for the use of any corporation, trust or community chest, fund or foundation created or organized under the laws of the United States or of this state and organized and operated exclusively for charitable, educational or public welfare purposes, or of any hospital which is located in this state and which is exempt from federal income taxes and to which contributions are deductible under Section 501(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended;

(19) Discount, purchase and sell accounts receivable, negotiable and nonnegotiable promissory notes, drafts, bills of exchange and other forms of indebtedness;

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(20) (A) Accept for payment at future dates drafts drawn upon it, and (B) except as provided in section 36a-299, sell or issue without charge negotiable checks or drafts drawn by or on the bank. Negotiable checks or drafts drawn, sold or issued by a bank may be drawn on that bank or be payable by or through another bank or out-of-state bank;

(21) Make secured and unsecured loans and issue letters of credit as authorized by and subject to section 36a-260;

(22) (A) Issue credit cards and debit cards and enter into card agreements with the bank's card holders and with other card issuers, (B) lend money to individuals, honor drafts and similar orders drawn or accepted, whether by written instrument or electronic transmission, and pay and agree to pay obligations incurred in connection with those agreements, (C) become affiliated with any credit card corporation or association, and (D) subject to sections 36a-155 to 36a-159, inclusive, where applicable, provide electronic fund transfer facilities and services and enter into agreements with customers and other persons regarding the provision of such facilities;

(23) Provide home banking services to customers as provided in section 36a-170;

(24) Contract for and pay the premiums upon life insurance in the amount of the unpaid balance due on loans;

(25) Borrow money and pledge assets therefor, and pledge assets to secure trust funds on deposit awaiting investment;

(26) Enter into leases of personal property acquired upon the specific request of and for the use of a prospective lessee;

(27) Make investments as authorized by this title;

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(28) Sell to any person, including any state or federal agency or instrumentality, any loan or group of loans legally owned by the bank, repurchase any such loan or group of loans, and act as collecting, remitting and servicing agent in connection with any such loans and charge for its acts as agent. Any such bank is authorized to purchase the minimum amount of capital stock of the applicable agency or instrumentality if required by that entity to be purchased in connection with the assignment of loans to that entity and to hold and dispose of that stock;

(29) With the approval of the commissioner, deal in and underwrite, to the same extent as is permitted to a national banking association, obligations of: (A) The United States or any of its agencies; (B) any state or any political subdivision or instrumentality of the state; or (C) Canada, any province of Canada or any political subdivision of Canada;

(30) Issue and sell securities which (A) are guaranteed by the Federal National Mortgage Association or any other agency or instrumentality authorized by state or federal law to create a secondary market with respect to loans of the type originated by the bank, or (B) subject to the approval of the commissioner, relate to loans originated by the bank and are guaranteed or insured by a financial guaranty insurance company or comparable private entity;

(31) Subject to the approval of the commissioner, authorize the issuance and sale of evidences of indebtedness, including debentures, debt instruments of all maturities and capital notes, at such times, in such amount and upon such terms as are determined by the governing board, provided the issuance of such evidences of indebtedness which are payable on demand or mature within five years of their issuance or which are effected in the ordinary course of business do not require the approval of the commissioner. The proceeds of such evidences of indebtedness which mature after five years of their issuance which are

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subordinate to the claims of depositors upon liquidation of the bank shall be considered part of its capital for the purpose of computing any loan, deposit or investment limitation under this title;

(32) With the approval of and upon such conditions and under such regulations as may be prescribed or adopted by the commissioner, establish and maintain one or more mutual funds and offer to the public shares or participations therein;

(33) (A) With the written approval of the commissioner, ~~[: (A)~~ Acquire] acquire, alter or improve real estate for present or future use in the business of the bank. ~~[, except that]~~ Such approval ~~[of the commissioner is not necessary]~~ shall not be required in case of the alteration or improvement of real estate already owned or leased by the bank or a corporation controlled by it as provided in subsection (d) of section 36a-276, if the expenditure for such purposes does not in any one calendar year exceed five per cent of the bank's equity capital and reserves for loan and lease losses or ~~[five]~~ seven hundred fifty thousand dollars, whichever is less. ~~[:]~~

(B) With the written approval of the commissioner, purchase real estate adjoining any parcel of real estate then owned by it and acquired in the usual course of business, provided the aggregate of all investments and loans authorized in [subparagraphs (A) and (B)] this subparagraph and in subparagraph (A) of this subdivision and in the equipment used by such bank in its operations, together with the amount of any indebtedness incurred by any corporation holding real estate of the bank and such bank's proportionate share, computed according to stock ownership, of any indebtedness incurred by any service corporation, does not exceed fifty per cent of the equity capital and reserves for loan and lease losses of the bank, unless the commissioner finds that the rental income from any part of the premises not occupied by the bank will be sufficient to warrant larger investment;



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(34) Convey any real estate owned by it at the price and upon such terms of payment as its governing board or an authorized committee thereof determines and sets forth in the bank's records. If any such sale is wholly or partly for credit, a note secured by a first mortgage on the real estate may evidence that credit. With the written approval of the commissioner, the bank may accept other real estate in whole or in part for any such conveyance;

(35) Establish and maintain an international banking facility, as defined in regulations adopted by the Board of Governors of the Federal Reserve System, subject to such regulations as the commissioner may adopt, in accordance with chapter 54, to specify, and impose restrictions upon, the types of activities in which the international banking facility may engage;

(36) Join the Federal Reserve System;

(37) With the approval of the commissioner, join the Federal Home Loan Bank System and borrow funds as provided under federal law;

(38) Even if not expressly authorized to exercise fiduciary powers, act as trustee or custodian of a plan which qualifies as part of a retirement plan for self-employed individuals or an individual retirement account under the provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, if the governing instrument limits the investment of the funds held pursuant to such plan to the following investments: (A) Savings deposits and time deposits; and (B) with respect to retirement plans for self-employed individuals, notes of members in such plans which evidence the indebtedness of such members for funds borrowed from the plans. Funds held pursuant to any plan which so qualifies may be deposited in any Connecticut bank without regard to any statutory limit on the amount which such bank may have on deposit from one depositor;

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(39) Sell insurance and fixed and variable annuities directly, sell insurance and such annuities indirectly through a subsidiary, or enter into arrangements with third-party marketing organizations for the sale by such third-party marketing organizations of insurance or such annuities on the premises of the Connecticut bank or to customers of the Connecticut bank; provided (A) such insurance and annuities are issued or purchased by or from an insurance company licensed in accordance with section 38a-41, and (B) the Connecticut bank, subsidiary or third-party marketing organization, and any officer or employee thereof, shall be licensed as required by section 38a-769, as amended, before engaging in any of the activities authorized by this subdivision. As used in this subdivision, "annuities" and "insurance" have the same meanings as set forth in section 38a-1, except that "insurance" does not include title insurance. The provisions of this subdivision do not authorize a Connecticut bank or a subsidiary of a Connecticut bank to underwrite insurance or annuities;

(40) With the prior written approval of the commissioner, engage in closely related activities, unless the commissioner determines that any such activity shall be conducted by a subsidiary of the Connecticut bank, utilizing such organizational, structural or other safeguards as the commissioner may require, in order to protect the Connecticut bank from exposure to loss. As used in this subdivision, "closely related activities" means those activities that are closely related to the business of banking, are convenient and useful to the business of banking, are reasonably related to the operation of a Connecticut bank or are financial in nature including, but not limited to, business and professional services, data processing, courier and messenger services, credit-related activities, consumer services, services related to real estate, financial consulting, tax planning and preparation, community development activities, any activities reasonably related to such activities, or any activity permitted under the Bank Holding Company Act of 1956, 12 USC Section 1841 et seq., as from time to time amended,

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or the Home Owners' Loan Act of 1933, 12 USC Section 1461 et seq., as from time to time amended, or the regulations promulgated under such acts as from time to time amended; and

(41) Engage in any activity that a federal bank or an out-of-state bank may be authorized to engage in under federal or state law, provided the Connecticut bank shall file with the commissioner prior written notice of its intention to engage in such activity. Such notice shall include a description of the activity, a description of the financial impact of the activity on the Connecticut bank, citation of the legal authority to engage in the activity under federal or state law, a description of any limitations or restrictions imposed on such activity under federal or state law, and any other information that the commissioner may require. The Connecticut bank may engage in such activity unless the commissioner disapproves such activity not later than thirty days after the notice is filed. The commissioner may adopt regulations in accordance with chapter 54 to ensure that any such activity is conducted in a safe and sound manner with adequate consumer protections. The provisions of this subdivision do not authorize a Connecticut bank or a subsidiary of a Connecticut bank to sell title insurance.

Sec. 5. Subsection (c) of section 36a-333 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) The depository shall have the right to make substitutions of eligible collateral at any time without notice. The depository shall have the right to reduce the amount of eligible collateral maintained under subsection (a) of this section provided such reduction shall be determined based on the amount of all public deposits held by the depository and the depository's risk-based capital ratio as determined in accordance with said subsection (a). The depository shall provide written notice to its public depositors of any such reduction in the

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amount of eligible collateral maintained under subsection (a) of this section.

Sec. 6. Subsection (h) of section 36a-437a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(h) (1) The bylaws of a Connecticut credit union shall specify at least the following: (A) The name of the credit union; (B) the field of membership of the credit union and the qualifications for membership; (C) the par value of shares; (D) the number and terms of directors and appointed directors, if applicable, and procedures for their election or appointment; (E) the duties of the members of senior management; (F) the manner in which a credit committee, credit manager, loan officer or any combination thereof shall be responsible for the credit functions of the credit union; (G) the manner of conducting the annual meeting and the provisions for voting; (H) conditions for payment on, receipt of or withdrawal of shares and deposits; and (I) such other matters as the governing board deems necessary.

(2) The bylaws of a Connecticut credit union may not be amended without the written approval of the commissioner for a period of three years following issuance by the commissioner of the certificate of authority to engage in the business of a Connecticut credit union. Thereafter, the bylaws of a Connecticut credit union may be amended in accordance with subdivision (3) of this subsection, provided the bylaws comply with this subdivision, and any such amendment changing the name of the credit union or the field of membership of the credit union shall require the written approval of the commissioner in accordance with subdivision (3) of this subsection. The commissioner's approval shall not be required to amend the field of membership of a Connecticut credit union with a multiple common bond membership to add a group of less than five hundred potential members, excluding members of the immediate family or household of

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a potential member.

(3) The bylaws may be amended by the adoption at a meeting of an amendment resolution by two-thirds of the directors of the credit union. Written notice of the meeting and text of the proposed amendment shall be given to each director at least seven days prior to the meeting. The Connecticut credit union shall file with the commissioner, within ten days after its adoption, one copy of any proposed amendment on a form provided by the commissioner. In the case of a proposed amendment requiring the commissioner's approval, the commissioner shall, within thirty days after such filing, determine whether such proposed amendment is consistent with the provisions and purposes of sections 36a-435a to 36a-472a, inclusive. The thirty-day period may be extended by the commissioner, in writing, if the commissioner determines that the proposed amendment raises issues that require additional information or additional time for analysis. The commissioner, upon determining that such proposed amendment satisfies the requirements of said sections 36a-435a to 36a-472a, inclusive, shall endorse the commissioner's approval on such proposed amendment, and return one copy thereof to the Connecticut credit union.

(4) Any amendment to the bylaws of a Connecticut credit union shall become effective when adopted except amendments requiring the approval of the commissioner which shall become effective upon such approval.

Sec. 7. Subsection (d) of section 36a-459a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) A Connecticut credit union may, subject to the provisions of subsections (e), (f) and (g) of section 36a-461a, invest its funds in or make loans to credit union service organizations provided (1) the total

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of any such investment in or loan to any one credit union service organization does not exceed two per cent of the total assets of the credit union without regard to the amount derived from the profitability of such credit union service organization, and (2) the credit union shall file with the commissioner prior written notice of its intention to make such investment or loan. The Connecticut credit union may make such investment or loan unless the commissioner disapproves such investment or loan not later than thirty business days after the notice is filed. The thirty-day period may be extended by the commissioner, in writing, if the commissioner determines that the notice raises issues that require additional information or additional time for analysis.

Sec. 8. Section 36a-462a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) No Connecticut credit union shall establish a branch in this state or outside of this state unless prior to such establishment the credit union has filed with the commissioner an application to establish a branch. The Connecticut credit union may establish such branch unless the commissioner disapproves the application not later than thirty days after the application has been filed with the commissioner. The thirty-day period may be extended by the commissioner, in writing, if the commissioner determines that the application raises issues that require additional information or additional time for analysis. The commissioner may disapprove an application to establish a branch if the commissioner finds that: (A) Establishment of the proposed branch is inconsistent with safety and soundness; (B) establishment of the proposed branch is inconsistent with the Connecticut credit union's field of membership; (C) in the case of a Connecticut credit union whose membership is limited to a well-defined community, neighborhood or rural district, (i) the proposed branch is not generally accessible to the public, (ii) establishment of the

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proposed branch will result in an oversaturation of financial institutions in the town in which the branch is to be located, or (iii) such credit union does not have a record of compliance with the requirements of sections 36a-37 to 36a-37e, inclusive; or (D) in the case of an out-of-state branch, the laws of such other state do not authorize the establishment of such branch. Except as provided in this subdivision, a Connecticut credit union may establish or operate a branch in the same or approximately the same location as another financial institution, provided any such institution's insurable accounts or deposits are federally insured.

(2) (A) A Connecticut credit union that proposes to close a branch within or outside of this state shall submit to the commissioner a notice of the proposed closing as soon as possible but not less than thirty days prior to the closing date. The notice shall include a detailed statement of the reasons for the decision to close the branch.

(B) The Connecticut credit union shall provide notice of the proposed closing to its members by:

(i) Posting such notice in a conspicuous manner on the premises of the branch proposed to be closed at least thirty days prior to the closing, and

(ii) Including such notice in at least one regular account statement mailed to its members who utilize the branch proposed to be closed, or in a separate mailing to such members at least thirty days prior to the closing date.

(3) With the approval of the commissioner, any Connecticut credit union may relocate any branch within this state in accordance with such notice and other requirements as the commissioner may prescribe. As used in this subdivision, "relocate" means to move within the same immediate neighborhood without substantially affecting the

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nature of the business or members served.

(b) (1) No Connecticut credit union shall establish a mobile branch in this state or outside of this state unless prior to such establishment the credit union has filed with the commissioner an application to establish a mobile branch listing each predetermined location. The Connecticut credit union may establish such mobile branch unless the commissioner disapproves the application not later than thirty days after the application has been filed with the commissioner. The thirty-day period may be extended by the commissioner, in writing, if the commissioner determines that the application raises issues that require additional information or additional time for analysis. The commissioner may disapprove an application for a mobile branch if the commissioner makes such findings under subdivision (1) of subsection (a) of this section as the commissioner deems necessary. A mobile branch shall be conspicuously identified as a branch of a Connecticut credit union.

(2) A Connecticut credit union that proposes to close any mobile branch shall submit to the commissioner a notice of the proposed closing not later than thirty days prior to the date proposed for such closing. The notice shall include a detailed statement of the reasons for the decision to close the mobile branch.

(3) A Connecticut credit union that proposes to close any predetermined location of a mobile branch shall notify the commissioner prior to the closing of such location.

(c) The commissioner may examine and supervise the out-of-state branches of any Connecticut credit union and may enter into agreements with other state or federal credit union regulators concerning such examination or supervision. Any such agreement may include provisions concerning the assessment or sharing of fees for such examination or supervision.



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